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SUBJECT: AUGUST TRADE AND INVESTMENT BRIEFS

SUMMARY

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11. This is an update on the following trade and investment news from Peru:

Trade

- Peru and Singapore FTA Enters into Force
- Peru and EU, Difficulties with IPR
- Government Says Peru-Chile FTA Not Unconstitutional
- One More Year for Peru-Mexico Agreement
- Peru Seeks Customs Cooperation with Japan, Hong Kong, and Thailand
- Imports Decreased 37.7% in July

Investment

- 56 Peruvian Businesses Operate in 26 Countries
- Peru Top Destination for Chilean Investment

PERU AND SINGAPORE FTA ENTERS INTO FORCE

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On August 1, 2009, the Peru-Singapore Free Trade Agreement entered into force. The agreement includes a customs cooperation provision. Also, as a part of the FTA, Peru and Singapore have concluded an Open Skies Agreement.

PERU AND EU, DIFFICULTIES WITH IPR

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Patent protection provisions remain under negotiation between Peru and the EU. The EU has not asked for more stringent measures, but merely those that follow international norms (5 years of protection for test data and 20 years for patents). The EU estimates a 300% increase in agro exports once the agreement enters into force. The EU and Peru will hold a sixth round of negotiations in Brussels in September. The most difficult themes under negotiation include biodiversity and traditional knowledge.

GOVERNMENT SAYS PERU-CHILE FTA NOT UNCONSTITUTIONAL

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The Peruvian Ministry of Trade and Tourism said the trade agreement that Peru and Chile signed should not be considered unconstitutional. Forty Peruvian legislators have questioned the constitutionality of the FTA because Congress did not debate. The President of the Constitutional Tribunal will rule on the constitutionality of the agreement by September 12.

ONE MORE YEAR FOR PERU-MEXICO AGREEMENT

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Mexico has agreed to extend for one more year the Economic

Complementation Agreement (ACE) with Peru. The agreement would have expired on December 31, 2009. Peru had asked to extend the agreement for two years.

#### PERU SEEKS CUSTOMS COOPERATION WITH JAPAN, HONG KONG, AND THAILAND

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The Peruvian Minister of Trade and Tourism has proposed establishing a customs agreement with Japan, Hong Kong, and Thailand, as well as other ASEAN nations. The Minister hopes the agreement will serve as a tool to fight the entry of contraband and pirated goods into the Peruvian market.

#### IMPORTS DECREASED 37.7% IN JULY

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According to the Peruvian Tax and Customs Agency (SUNAT), Peruvian imports declined 37.7 percent, following a 39.6 percent decrease in June, and a 41.3 percent decline in May. Consumer goods, primary and intermediary materials, and construction materials represented the bulk of the decline.

#### 56 PERUVIAN BUSINESSES OPERATE IN 26 COUNTRIES

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Sixteen Peruvian businesses operate in Chile, making that country the largest destination for Peruvian investment. Eleven Peruvian businesses operate in Brazil, the second largest destination for Peruvian investment. Thirty-seven Peruvian franchises, mostly in the food sector, operate abroad.

According to the IV Economic Census of INEI, 987,658 businesses operate in Peru and of that number 4,598 export their products abroad to 157 countries. Fifty-six Peruvian businesses have operations in 26 countries. Major sectors operating abroad include

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food and beverage, mining, textiles, services, and finance. Peruvian businesses operate in most of North, Central, and South America. In Europe, Peruvian businesses operate in Germany, France, Spain, and England. Other locations include China, Thailand, and Dubai.

#### PERU TOP DESTINATION FOR CHILEAN INVESTMENT

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Peru received 58% of total Chilean foreign investment during the first semester of 2009. Peru ranked in second place in 2008 and in third place from 1990-2008. Over 280 Chilean businesses operate in Peru. These businesses include well known names for Peruvian consumers such as major department stores (Tottus, Saga Falabella and Ripley), the primary national airline (Lan), and major pharmacies (Inkafarma, Boticas Fasa). This year, for the first time in six years, Peru will register a deficit with Chile due to a 65% decrease in Peruvian exports to Chile.

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